

## CHAPTER 7 PURCHASING PROCEDURES FOR STATE AGENCIES

[Prior to 11/15/89, General Services[450] Ch 2]

**401—7.1(18) Items purchased by centralized purchasing.** All items of an expendable or nonexpendable nature and certain services used by an agency are to be purchased through the department of general services purchasing section. Some examples of these items are:

Typewriters	Tools	Fuel oil
Adding machines	Medical supplies	Pest control service
Calculators	Dental supplies	Janitorial service
Desks, Chairs	Equipment leasing of all types	All types of office supplies
Tables	Oxygen and acetylene gas	(not carried in central supply)

It shall be the function of the individual agency to obtain the following types of services for the agency's individual needs. Some examples are:

Professional consulting services, newspaper advertising, tuition, court costs, filing fees, hearing of officers' fees, outgoing freight, press clippings, rental of conference rooms, exhibit space, utilities, engineering fees, architectural fees, large equipment services contracts estimated to cost less than \$15,000 per year (including but not limited to elevator services, X-ray equipment, closed circuit television surveillance equipment).

The purchasing section will on request assist in obtaining any services required by an agency. It shall be the responsibility of the individual agency to obtain any needed authorization for such expenditures which may be required by the Code of Iowa or by authorization of another branch of state government which may have jurisdiction over fund expenditures.

The agency shall develop procedures to ensure competitive acquisition of all delegated purchases when possible.

This rule is intended to implement Iowa Code sections 18.3(1) and 18.6(8).

**401—7.2(18) Purchases exempt from competitive bidding.** The director of general services or the director's designee may exempt an item from a competitive bidding procedure when the director determines that the best interest of the state will be served due to an immediate or emergency need for an item. Telephone contact shall be made with the purchasing section, and then the agency shall submit to the director, in writing, a description of the item or items to be purchased, documentation of price quotations, cost of the item, and the reasons why the purchase should be or was considered an emergency need or immediate need.

This rule is intended to implement Iowa Code section 18.6(2).

**401—7.3(18) Methods and procedures used by agency to obtain commodities.** General services purchasing section will provide the individual agency with several methods of obtaining commodities and equipment. The purpose of contract purchasing is to provide the agencies with a means of obtaining needed commodities in an economical and prompt manner and at the same time control agency inventories. The following methods are available to the agencies:

**7.3(1) Contract purchases.** There are three types of contract purchases used in the purchasing procedures:

*a. General contract.* This form of contract is entered into by general services purchasing section to purchase commodities or equipment items that are in general use by all agencies. These contracts may include such items as:

Typewriters	Filing cabinets
Photographic film	Hand tools
Adding machines	Light bulbs
Laboratory supplies	Surgical dressings

The individual agency will be advised annually of the types of contracts that are on file in the purchasing section and may request copies of any or all of the contracts. The agency then refers to the appropriate contract and prepares the agency purchase order (APO) for items to be delivered from the contract.

*b. Individual contract.* This form of contract is entered into by the general services purchasing section to purchase specific commodities that are primarily used by one agency and that are not commonly needed by another agency. An individual agency may request the purchasing section to enter into this type of contract purchasing to expedite delivery of commodities that fall into this category. These contracts may include such items as:

Uniforms	Ice and snow removal
Janitorial services	Survey equipment and supplies
Shelving	Disposal of wastepaper

The agency then prepares the agency purchase order (APO) for commodities as required.

*c. Preitemized contract purchase.* General services purchasing section may enter into a contract purchase agreement for selected groups of commodities on which standard state specifications have been established and the commodities are in common use by a majority of the state agencies. The purchasing section will furnish each state agency with a list of such commodities that will be purchased during the ensuing period. The using agency will then advise the purchasing section on forms provided the anticipated needs of the agency. The purchasing section will obtain bids, award contracts and advise the agencies of the successful contractor of each item listed. The agency will then prepare the agency purchase order (APO) for items to be delivered from the contract.

**7.3(2)** *Requisition purchasing of noncontract commodities.* There are numerous expendable and nonexpendable items that the agency will not be able to purchase under the contract system of purchasing. The agency will then request the department of general services purchasing section to obtain special bids and purchase such items for the agency. This is accomplished by the following procedure:

*a.* Agency ascertains needs.

*b.* Agency fills out requisition form indicating a description of the item and the amount budgeted.

The purchasing section will write detailed specifications, obtain bids and issue a purchase order to the responsible vendor. The purchasing section may contact the requesting agency regarding an item to be purchased to ascertain if the item proposed by a vendor will be acceptable to the agency.

The purchasing section may require requisitions for certain commodities to be submitted at a scheduled time in order to consolidate requirements for volume buying. Agencies failing to submit requisitions in accordance with the schedule may be required to wait until the next scheduled period to purchase commodities included in the schedule.

**7.3(3)** *Agencies may be authorized to purchase directly.* Upon request agencies may be permitted to purchase directly from a vendor if the direct purchasing is more economical to the state than purchasing through the department of general services, purchasing section. Purchases made under this authority are to be made only on forms as authorized by the director of general services.

Requests to purchase direct should be in writing, if possible, or by telephonic communication to the director of general services or the purchasing section. The request should explain the particular need, estimated cost, cost justification or the immediate or emergency need.

The director of the department of general services may grant permanent authorization to an agency to purchase certain commodities for a stipulated period of time if, in the director's opinion, the needs of the requesting agency will be best served.

Any agency denied the opportunity to purchase directly may appeal the director's decision to the state executive council.

**7.3(4)** *Agencies may purchase directly from targeted small businesses.* All agencies shall make a concerted effort to comply with targeted small business goals established pursuant to Iowa Code subsection 73.16(2). Prior to making any purchase, agencies shall determine whether the goods or services sought by the agency are available from a targeted small business. Upon request, the purchasing section will assist an agency in locating a targeted small business capable of providing specific goods or services.

Notwithstanding rules 401—5.8(18), 7.1(18), and 7.20(18), or any other rule which may conflict with this rule, agencies may purchase directly from a vendor if the vendor is a certified targeted small business and the purchase does not exceed \$5,000. An agency purchasing goods or services directly from a targeted small business shall complete an official state purchase order or an agency purchase order (APO).

**7.3(5)** *Blanket purchase agreements.* An agency desiring to use a blanket purchase agreement shall submit a purchasing section requisition form and include the following information in the "Description" block:

1. A statement that a blanket purchase agreement is desired.
2. A list of commodities or services to be covered under the BPA.
3. An estimated annual amount to be purchased, the proposed call limitation and the monthly limitation.
4. A list of authorized individuals who may place calls under the BPA.
5. A list of recommended sources of supply.

This rule is intended to implement Iowa Code sections 18.3(1), 18.6(1), 18.6(3), 18.6(6) and 18.6(8).

**401—7.4(18) Purchases under \$2,500.** Authority is granted to purchase facility maintenance, repair and operational supplies and services when such supplies and services cost less than \$2,500 and they cannot be aggregated reasonably on an agency, regional or statewide basis. The department of revenue and finance claim voucher (CV), the agency purchase order (APO), and the official state purchase order may be used to process such transactions as follows:

1. The claim voucher (CV) accompanied by a vendor invoice may be used for supplies and services costing less than \$500.
2. The agency purchase order (APO) accompanied by vendor invoice may be used for supplies and services costing less than \$2,500.
3. The official state purchase order may also be used for supplies and services costing less than \$2,500.

This procedure also may be used for immediate or emergency needs costing less than \$2,500 and for items on individual or statewide contract when the required quantity is less than the contract minimum order quantity.

Exceptions to the above authority include any items above the minimum order on individual or general contract or other supplies and services for which the purchasing section specifically determines that it is in the best interests of the state to require requisitions to be submitted. Purchases greater than \$2,500 shall not be split to fall under this rule. Continued violations will result in withdrawal of the privilege.

**7.4(1) Definition of equipment.** Rescinded IAB 11/9/94, effective 12/14/94.

This rule is intended to implement Iowa Code sections 18.6(8) and 18.12(4).

**401—7.5(18) Authorization and purchase of certain nonexpendable items.** For agencies requesting the purchase or lease of the following types of equipment it will be necessary that the purchasing document or the requisition from the agency be accompanied by a letter of authorization or a letter of justification for such a purchase.

**7.5(1)** Communication or alarm systems. Any form of a two-way radio system, closed or open circuit television system, fire or police alarm system, WATS line or any type of a communications system that involves the use of the telephonic system of transmission, facsimile or data communications must be previously approved and specifications written by the communications division of the department of general services.

**7.5(2)** Printing and reproduction equipment. Any form of printing or reproduction equipment including offset presses, letter presses, office copiers or any type of duplicating or bindery equipment must be previously approved and specifications written by the printing division of the department of general services. An exception to the above approval requirement is authorized for the purchase of replacement office copiers through state contracts.

**7.5(3)** All cars and trucks must be previously approved by the vehicle dispatcher section of the department of general services.

**7.5(4)** All data processing equipment or software must be purchased or leased in accordance with Chapter 8 of these rules.

**7.5(5)** All microfilming equipment and filing systems must be approved by the records management section of the department of general services.

**7.5(6)** The purchasing section of the department of general services is required to present a non-expendable item or a group of items estimated to cost in excess of \$40,000 to the director of general services or designee for approval. The director of general services, or designee at their discretion, may request additional justification or authorization for such a purchase.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.6(18) Purchases denied by director.** The director of general services may refuse to process state agency requisitions to purchase, purchase orders, agency purchase orders, or any other document of acquisition or lease if, in the director's opinion, the purchase would not be in the best interest of the state. The state agency has the right to appeal the director's decision to deny any purchase in accordance with Iowa Code section 18.7.

This rule is intended to implement Iowa Code section 18.4.

**401—7.7(18) Authorized signatures.** Each state agency shall provide the department of general services purchasing section with a list of those employees authorized to sign the various purchasing documents and requisition forms for the various amounts as outlined below:

1. Any item or group of items costing less than \$2,500.
2. Any item or group of nonexpendable items costing in excess of \$2,500 but not exceeding \$5,000.
3. Any item or group of nonexpendable items costing in excess of \$5,000.
4. The department of general services purchasing section may request justification and authorization for a group of expendable items costing in excess of \$2,500.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.8(18) Authorization may be granted to "satellite" agencies.** An agency may have one or more "satellite" agencies who receive a direct appropriation of funds by legislative action for supportive operational function. The central agency authority may permit such "satellite" agencies to process

their purchasing requirements directly through the purchasing section. State institutions are examples of satellite agencies.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.9(18) Purchase for area agencies or community offices.** An agency may have several area or community offices located throughout the state of Iowa and the purchase for such offices shall be correlated through the central agency authority and processed in the same manner as the requirements of the central agency.

The central agency may delegate some authority to the area or community offices regarding the purchasing procedures. Employment services offices, natural resources field offices and human services regional offices are examples of area agencies or community offices.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.10(18) Purchases from capital improvement funds.** State agencies may receive a special appropriation of funds by legislative action, for construction of new facilities, repair of present facilities or for the improvement of, or maintenance of real property under the jurisdiction of the agencies. These funds are usually expended under special contractual arrangements consummated by the agency. However, there may be instances that a portion of capital improvement funds may be used for the purchase of new equipment or supplies for a specific project that are not purchased by the general contractor. Purchases of this type shall be handled in the normal purchasing manner as outlined by these rules.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.11(18) Purchases from agency revolving funds authorized by legislative action.** Legislative action may authorize an agency the use of a revolving fund to operate such agency functions as a central distribution center for “satellite” agencies or industrial shops producing merchandise for resale to other government agencies.

Purchases from funds of this type shall be handled in the normal purchasing manner as outlined by these rules.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.12(18) Purchases from special funds and grants.** State agencies may receive special funds or grants to fund specified projects or to assist in the payment of certain programs under the jurisdiction of an agency. Sources of these funds may include federal grants, private foundation grants, bequests, wills and funds donated by organizations or individuals for specified projects. Purchases from funds of this type shall be handled in the normal purchasing manner as outlined by these rules.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.13(18) Purchases from gift accounts, guardian accounts and trustee accounts.** State agencies may have special funds entrusted to them by individuals that are to be used for the benefit of a person or persons placed under the jurisdiction of an agency and said funds are to be used for the benefit of a certain individual or group of individuals. For purchases and expenditures from funds of this type it shall be the responsibility of the agency authority to establish a system that is in accordance with the Code of Iowa and is acceptable to all governing bodies having jurisdiction over the audit and fund accounting system of the state of Iowa.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.14(18) Purchases for agency-operated canteens, hobby shops, concession stands and automatic vending stations.** Agencies may be authorized to directly or indirectly operate canteens, hobby shops, concession stands and automatic vending stations under jurisdiction of the agency subject to an annual audit by the auditor of the state of Iowa. Purchase of equipment for the operation of these facilities is to be made through the general services purchasing section.

The purchase of commodities offered for resale by any of these methods shall be the responsibility of the agency authority. It shall be the responsibility of the agency to establish a system of payment for commodities purchased that is in accordance with the Code of Iowa and is acceptable to all governing bodies having jurisdiction over the audit fund accounting system of the state of Iowa.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.15(18) Special handling of partial or incomplete shipment from a vendor.** From time to time it may be necessary for a vendor to make a partial shipment of an order with the balance of the order to be shipped within a specified time period. The agency may elect to:

1. Record the receipt of merchandise and accept that portion delivered and withhold payment until all merchandise has been received as ordered.

2. Record the receipt of merchandise and accept that portion, as delivered. Request the vendor to invoice in duplicate for that portion delivered and present for payment for that portion received (purchase order to be indicated partial payment). Reference must be made on the new purchase order to original purchase order issued. A new purchase order shall be prepared by the agency as a partial payment claim voucher. This document shall reference the original purchase order. The original purchase order shall be cross-referenced to all partial payments and closed out when final payment is made. The purchasing section recommends making partial payments when items are received and invoiced, rather than waiting for complete shipment.

3. If all commodities have not been delivered by the scheduled delivery date the agency may request the central purchasing section to cancel the balance of the order and purchase from the next lowest responsible bidder.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.16(18) Special handling of changed purchase orders.**

**7.16(1) Issuance of change orders.** It may be necessary, at times, to authorize a change in purchase order as originally written. An agency may accomplish a change in an order by proceeding in one of the following manners:

1. If a change is necessary due to an arithmetical error in extension or addition and there is no change in the per unit cost of an item the agency may show the correct total on agency claim voucher. The agency should also correct copy 6 of the original purchase order in their file.

2. If there is a decline in price of an item as shown on the original purchase order the agency is to change unit price to coincide with the invoice price. The agency should also correct copy 6 of the original purchase order in their file.

3. If there is an increase in price or quantity of an item as shown on the original purchase order, change in F.O.B. point or a change in discount, the agency is to advise the purchasing section in writing of such changes. The purchasing section will contact the vendor and make a decision if the change is to be allowed. The purchasing section will advise the agency and the vendor of their decision by use of "advise of change in purchase order" form. The agency on receipt of this form will make changes, if authorized, attach copy 3 of change authorization to corrected agency claim voucher and forward to the purchasing section for processing. The agency should attach copy 4 of the change authorization to agency copy 6 of the original purchase order.

**7.16(2) Correction of errors.** Rescinded IAB 11/9/94, effective 12/14/94.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.17(18) Procedure to follow for trading in equipment.** An agency may wish to trade in an item of equipment when purchasing new equipment. This may be accomplished by one of the following procedures.

**7.17(1)** Certain items of office equipment are normally purchased by the agency by use of a general contract. The agency prepares the purchase order in the normal manner and lists the following information:

Make—model—serial number—state inventory tag number, description of item, date of purchase, and the trade-in price allowed. The trade-in price is deducted from the cost of the new equipment and forwarded to the purchasing section in the normal manner. The purchasing section will determine if the trade-in allowance is reasonable. If the purchasing section determines it is not reasonable the merchandise will be declared surplus by the department of general services.

**7.17(2)** Any item of equipment being purchased by use of “purchase requisition form.” The agency is to list directly after the description of the item to be purchased a description of the item to be traded in.

The central purchasing section will then process the requisition in the normal manner and obtain all necessary information regarding the trade-in allowances.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.18(18) Contract items provided to governmental subdivisions.** Upon request from any governmental subdivision, the general services purchasing section shall furnish a list of items on state contract. The section shall also provide specifications, prices and discount terms for specific items as requested from the governmental subdivisions.

This rule is intended to implement Iowa Code section 18.6(7).

**401—7.19(18) Payment to vendors.** After goods or services have been received by a state agency, it is the responsibility of each agency to immediately process the purchasing document and the invoice for payment. It is the responsibility of each agency to initiate payment to the vendor within the discount period.

This rule is intended to implement Iowa Code section 18.3(1).

**401—7.20(18) Purchases from Iowa state industries.** The purchasing section will purchase items, materials, supplies and equipment from Iowa state industries in accordance with the provisions contained in Iowa Code section 904.808. Agencies shall place orders for industry products directly with Iowa state industries.

This rule is intended to implement Iowa Code section 904.808.

**401—7.21(18) Forms.** Only forms approved mutually by the department of revenue and finance and the department of general services shall be used to obligate state funds in any transaction under the purchasing authority of the department with any vendor. The department of general services shall be responsible for printing and issuing all such purchase forms.

This rule is intended to implement Iowa Code section 18.3(1).

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